

Message Text

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43

ACTION TRSE-00

INFO OCT-01 EUR-25 ISO-00 EB-11 OMB-01 L-03 IO-14 NSC-07

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FM AMEMBASSY ROME

TO SECSTATE WASHDC IMMEDIATE 4172

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E.O. 11652: N/A

TAGS: EFIN, IT

SUBJECT: ITALIAN REQUEST FOR IMF STANDBY

REF: (A) STATE 065936

(B) ROME 4709

(C) ROME A-173

1. OFFICER IN BANK OF ITALY RESEARCH OFFICE RESPONSIBLE FOR MONETARY STATISTICS (BIANCHI) CONFIRMED THAT REFERENCE IN IMF STAFF PAPER (STILL NOT RECEIVED) TO "BROADLY DEFINED MONEY SUPPLY" DOES NOT CONFORM TO EITHER OF TWO BASIC PUBLISHED STATISTICAL SERIES, I.E., MEANS OF PAYMENT OR MONEY SUPPLY (MEZZI DEI PAGAMENTI) OR LIQUIDITY DATA (ATTIVITA LIQUIDE DEL PUBBLICO). BIANCHI SAYS THAT FIGURES REFERRED TO IN IMF STAFF PAPER ARE BASED UPON LATTER, HOWEVER. TOTAL INCLUDES ALL OF PRIMARY LIQUIDITY EXCEPT CURRENT ACCOUNTS WITH BANK OF ITALY AND TREASURY, TO WHICH IS ADDED SAVINGS DEPOSITS AT BANKS AND POSTAL SAVINGS DEPOSITS, WHICH ARE TAKEN FROM SECONDARY LIQUIDITY DATA. WASHINGTON AGENCIES SHOULD REFER TO BOI "BOLLETINO", TABLE 59 ON PAGES 464-465 IN MAY-AUGUST 1973 ISSUE OR TO PAGES 702-703 OF SEPTEMBER-DECEMBER 1973 "BOLLETINO", IF IT HAS BEEN RECEIVED. THUS, TOTAL MONEY SUPPLY

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BROADLY DEFINED, IN BILLIONS OF LIRE, WOULD BE 42,618

AT END-1969, 48,903 AT END 1970, 56,930 AT END 1971
AND 66, 913 AT END 1972. FOR END-NOVEMBER 1972 AND
1973 (LATEST DATA AVAILABLE), CORRESPONDING
FIGURES WERE 62,772 AND 75,868. THUS 21 PERCENT INCREASE
REFERRED TO IN REF A WOULD CORRESPOND TO NOVEMBER-
NOVEMBER INCREASE FOR 1972-1973. HOWEVER, ACCORDING
TO BIANCHI MORE RECENT ESTIMATE FOR CALENDAR YEAR 1973
WAS FOR INCREASE OF ABOUT 23 PERCENT.

2. WHEN EMBASSY WAS PREPARING REF C, BIANCHI TOLD US
THAT BANK INTENDED EVENTUALLY TO REPLACE MONEY SUPPLY
STATISTICS (MEZZI DEI PAGAMENTI) PER TABLE 11 OF BOI
BULLETIN BY NEW SERIES BASED MORE NEARLY ON PRIMARY
AND SECONDARY LIQUIDITY DATA NOW CONTAINED TABLE 59.
THEREFORE, THEY DO CONSIDER BROADLY DEFINED MONEY
SUPPLY, WHICH IS BASED UPON LIQUIDITY DATA, AS SOMEWHAT
BETTER MEASURE, ALTHOUGH IT IS NOT YET A REGULARLY-
PUBLISHED SERIES. VOLPE

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